



General Assembly

Substitute Bill No. 5197

January Session, 2003

AN ACT CONCERNING TAX INCREMENT FINANCING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-134 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 For the purpose of carrying out or administering a redevelopment
4 plan or other functions authorized under this chapter, a municipality,
5 acting by and through its redevelopment agency, is hereby authorized,
6 subject only to the limitations and procedures set forth in this section,
7 to issue from time to time bonds of the municipality which are payable
8 solely from and secured by: [(a)] (1) A pledge of and lien upon any or
9 all of the income, proceeds, revenues and property of redevelopment
10 projects, including the proceeds of grants, loans, advances or
11 contributions from the federal government, the state or other source,
12 including financial assistance furnished by the municipality or any
13 other public body pursuant to section 8-135; [(b)] (2) taxes or payments
14 in lieu of taxes, or both, in whole or in part, allocated to and paid into a
15 special fund of the municipality pursuant to the provisions of section
16 8-134a; or [(c)] (3) any combination of the methods in [subsections (a)
17 and (b)] subdivisions (1) and (2) of this section. For the purposes of a
18 specified project only, the Connecticut Development Authority may,
19 upon a resolution with respect to such project adopted by the
20 legislative body of the municipality, issue and administer bonds which
21 are payable solely or in part from and secured by the pledge and

22 security provided for in this section subject to the general terms and
23 provisions of law applicable to the issuance of bonds by the
24 Connecticut Development Authority, except that the provisions of
25 subsection (b) of section 32-23j shall not apply. Any bonds payable and
26 secured as provided in this section shall be authorized by a resolution
27 adopted by the legislative body of the municipality, notwithstanding
28 the provisions of any other statute, local law or charter governing the
29 authorization and issuance of bonds generally by the municipality. No
30 such resolution shall be adopted until after a public hearing has been
31 held upon such authorization. Notice of such hearing shall be
32 published not less than five days prior to such hearing in a newspaper
33 having a general circulation in the municipality. Such bonds shall be
34 issued and sold in such manner; bear interest at such rate or rates,
35 including variable rates to be determined in such manner as set forth
36 in the proceedings authorizing the issuance of the bonds; provide for
37 the payment of interest on such dates, whether before or at maturity;
38 be issued at, above or below par; mature at such time or times not
39 exceeding [forty] thirty years from their date in [the case of bonds
40 issued to finance housing and facilities related thereto or thirty years
41 from their date in all other] all cases; have such rank or priority; be
42 payable in such medium of payment; be issued in such form,
43 including, without limitation, registered or book-entry form, carry
44 such registration and transfer privileges and be made subject to
45 purchase or redemption before maturity at such price or prices and
46 under such terms and conditions, including the condition that such
47 bonds be subject to purchase or redemption on the demand of the
48 owner thereof; and contain such other terms and particulars as the
49 legislative body of the municipality or the officers delegated such
50 authority by the legislative body of the municipality body shall
51 determine. Notwithstanding the provisions of the general statutes or
52 any special act, charter or home rule ordinance, a municipality may
53 authorize deferment of the principal for not more than five years and a
54 repayment schedule based on the occupancy of the project. The
55 proceedings under which bonds are authorized to be issued may,
56 subject to the provisions of the general statutes, contain any or all of

57 the following: [(1)] (A) Provisions respecting custody of the proceeds
58 from the sale of the bonds and any bond anticipation notes, including
59 any requirements that such proceeds be held separate from or not be
60 commingled with other funds of the municipality; [(2)] (B) provisions
61 for the investment and reinvestment of bond proceeds until such
62 proceeds are used to pay project costs and for the disposition of any
63 excess bond proceeds or investment earnings thereon; [(3)] (C)
64 provisions for the execution of reimbursement agreements, or similar
65 agreements, in connection with credit facilities, including, but not
66 limited to, letters of credit or policies of bond insurance, remarketing
67 agreements and agreements for the purpose of moderating interest
68 rate fluctuations; [(4)] (D) provisions for the collection, custody,
69 investment, reinvestment and use of the pledged revenues or other
70 receipts, funds or moneys pledged for payment of bonds as provided
71 in this section; [(5)] (E) provisions regarding the establishment and
72 maintenance of reserves, sinking funds and any other funds and
73 accounts as shall be approved by the legislative body of the
74 municipality in such amounts as may be established by the legislative
75 body of the municipality and the regulation and disposition thereof,
76 including requirements that any such funds and accounts be held
77 separate from or not be commingled with other funds of the
78 municipality; [(6)] (F) covenants for the establishment of maintenance
79 requirements with respect to facilities and properties; [(7)] (G)
80 provisions for the issuance of additional bonds on a parity with bonds
81 issued prior to the issuance of such additional bonds, including
82 establishment of coverage requirements with respect to such bonds as
83 herein provided; [(8)] (H) provisions regarding the rights and remedies
84 available to the bond owners, note owners or any trustee under any
85 contract, loan agreement, document, instrument or trust indenture in
86 case of a default, including the right to appoint a trustee to represent
87 their interests upon occurrence of any event of default, as defined in
88 any such default proceedings, provided that if any bonds or bond
89 anticipation notes are secured by a trust indenture, the respective
90 owners of such bonds or notes shall have no authority except as set
91 forth in such trust indenture to appoint a separate trustee to represent

92 them; and [(9)] (I) other provisions or covenants of like or different
93 character from the foregoing which are consistent with this section and
94 which the legislative body of the municipality determines in such
95 proceedings are necessary, convenient or desirable in order to better
96 secure the bonds or bond anticipation notes, or will tend to make the
97 bonds or bond anticipation notes more marketable, and which are in
98 the best interests of the municipality. Any provisions which may be
99 included in proceedings authorizing the issuance of bonds under this
100 section may be included in an indenture of trust duly approved in
101 accordance with this section which secures the bonds and any notes
102 issued in anticipation thereof, and in such case the provisions of such
103 indenture shall be deemed to be a part of such proceedings as though
104 they were expressly included therein. Any pledge made by the
105 municipality shall be valid and binding from the time when the pledge
106 is made, and any revenues or other receipts, funds or moneys so
107 pledged and thereafter received by the municipality shall be subject
108 immediately to the lien of such pledge without any physical delivery
109 thereof or further act. The lien of any such pledge shall be valid and
110 binding as against all parties having claims of any kind in tort, contract
111 or otherwise against the municipality, irrespective of whether such
112 parties have notice of such lien. Neither the resolution nor any other
113 instrument by which a pledge is created need be recorded. The
114 legislative body of the municipality may enter into a trust indenture by
115 and between the municipality and a corporate trustee, which may be
116 any trust company or bank having the powers of a trust company
117 within or without the municipality. Such trust indenture may contain
118 such provisions for protecting and enforcing the rights and remedies
119 of the bond owners and note owners as may be reasonable and proper
120 and not in violation of law, including covenants setting forth the duties
121 of the municipality in relation to the exercise of its powers pursuant to
122 this section and the custody, safeguarding and application of all
123 moneys. The municipality may provide by such trust indenture for the
124 payment of the pledged revenues or other receipts, funds or moneys to
125 the trustee under such trust indenture or to any other depository, and
126 for the method of disbursement thereof, with such safeguards and

127 restrictions as it may determine. All expenses incurred in carrying out
128 such trust indenture may be treated as project costs. Such bonds shall
129 not be included in computing the aggregate indebtedness of the
130 municipality, provided, if such bonds are made payable, in whole or in
131 part, from funds contracted to be advanced by the municipality, the
132 aggregate amount of such funds not yet appropriated to such purpose
133 shall be included in computing the aggregate indebtedness of the
134 municipality. As used in this section, "bonds" means any bonds,
135 including refunding bonds, notes, interim certificates, debentures or
136 other obligations. For purposes of this section and section 8-134a,
137 references to the Connecticut Development Authority shall include
138 any subsidiary of the Connecticut Development Authority established
139 pursuant to subsection (l) of section 32-11a.

140 Sec. 2. (NEW) (*Effective July 1, 2003*) (a) As used in this section:

141 (1) "Sales tax increment" means an amount equal to the aggregate
142 revenue collected in a taxable year pursuant to chapter 219 of the
143 general statutes from the sales by any retailer, as defined in
144 subparagraph (B) of subdivision (12) of subsection (a) of section 12-407
145 of the general statutes, located within a project area, as defined in
146 section 8-187 of the general statutes, in excess of the aggregate amount
147 of such revenue collected for the twelve months before the effective
148 date of the adoption by the legislative body of a municipality of a
149 project plan under section 8-191 of the general statutes; and

150 (2) "Local sales tax increment" means an amount equal to one-sixth
151 of the sales tax increment.

152 (b) The Department of Revenue Services shall, monthly, disburse to
153 each municipality with an approved project plan under section 8-191
154 of the general statutes an amount equal to the local sales tax increment.
155 The municipality shall deposit all moneys received from the
156 Department of Revenue Services in accordance with this section into a
157 special fund of the municipality to be used for the purposes specified
158 under section 8-192a of the general statutes.

159 (c) The municipality shall provide the Department of Revenue
160 Services with the sales tax identification number of each retailer
161 located within the project area. If the retailer has another place of
162 business within the municipality but outside the project area, the
163 retailer shall certify to the Department of Revenue Services the amount
164 of the sales tax paid at the business located within the project area.

165 Sec. 3. Section 8-192 of the general statutes is repealed and the
166 following is substituted in lieu thereof (*Effective July 1, 2003*):

167 (a) For the purpose of carrying out or administering a development
168 plan or other functions authorized under this chapter, a municipality,
169 acting by and through its development agency, is authorized, subject
170 only to the limitations and procedures set forth in this section, to issue
171 from time to time bonds of the municipality which are payable solely
172 from and secured by: (1) A pledge of and lien upon any or all of the
173 income, proceeds, revenues and property of development projects,
174 including the proceeds of grants, loans, advances or contributions from
175 the federal government, the state or other source, including financial
176 assistance furnished by the municipality or any other public body
177 pursuant to this chapter; (2) taxes or payments in lieu of taxes, or both,
178 in whole or in part, allocated to and paid into a special fund of the
179 municipality pursuant to the provisions of section 8-192a; or (3) any
180 combination of the methods in subdivisions (1) and (2) of this section.
181 Any bonds payable and secured as provided in this subsection shall be
182 authorized and the appropriation of the proceeds thereof approved by
183 a resolution adopted by the legislative body of the municipality,
184 notwithstanding the provisions of any other statute, local law or
185 charter governing the authorization and issuance of bonds and the
186 appropriation of the proceeds thereof generally by the municipality.
187 No such resolution shall be adopted until after a public hearing has
188 been held upon such authorization. Notice of such hearing shall be
189 published not less than five days prior to such hearing in a newspaper
190 having a general circulation in the municipality. Such bonds shall be
191 issued and sold in such manner; bear interest at such rate or rates,
192 including variable rates to be determined in such manner as set forth

193 in the proceedings authorizing the issuance of the bonds; provide for
194 the payment of interest on such dates, whether before or at maturity;
195 be issued at, above or below par; mature at such time or times not
196 exceeding [forty] thirty years from their date in [the case of bonds
197 issued to finance housing and facilities related thereto or thirty years
198 from their date in all other] all cases; have such rank or priority; be
199 payable in such medium of payment; be issued in such form,
200 including, without limitation, registered or book-entry form; carry
201 such registration and transfer privileges and be made subject to
202 purchase or redemption before maturity at such price or prices and
203 under such terms and conditions, including the condition that such
204 bonds be subject to purchase or redemption on the demand of the
205 owner thereof; and contain such other terms and particulars as the
206 legislative body of the municipality or the officers delegated such
207 authority by the legislative body of the municipality shall determine.
208 Notwithstanding the provisions of the general statutes or any special
209 act, charter or home rule ordinance, a municipality may authorize
210 deferment of the principal for not more than five years and a
211 repayment schedule based on the occupancy of the project. The
212 proceedings under which bonds are authorized to be issued may,
213 subject to the provisions of the general statutes, contain any or all of
214 the following: (A) Provisions respecting custody of the proceeds from
215 the sale of the bonds and any bond anticipation notes, including any
216 requirements that such proceeds be held separate from or not be
217 commingled with other funds of the municipality; (B) provisions for
218 the investment and reinvestment of bond proceeds until such proceeds
219 are used to pay project costs and for the disposition of any excess bond
220 proceeds or investment earnings thereon; (C) provisions for the
221 execution of reimbursement agreements, or similar agreements, in
222 connection with credit facilities, including, but not limited to, letters of
223 credit or policies of bond insurance, remarketing agreements and
224 agreements for the purpose of moderating interest rate fluctuations;
225 (D) provisions for the collection, custody, investment, reinvestment
226 and use of the pledged revenues or other receipts, funds or moneys
227 pledged for payment of bonds as provided in this section; (E)

228 provisions regarding the establishment and maintenance of reserves,
229 sinking funds and any other funds and accounts as shall be approved
230 by the legislative body of the municipality in such amounts as may be
231 established by the legislative body of the municipality, and the
232 regulation and disposition thereof, including requirements that any
233 such funds and accounts be held separate from or not be commingled
234 with other funds of the municipality; (F) covenants for the
235 establishment of maintenance requirements with respect to facilities
236 and properties; (G) provisions for the issuance of additional bonds on
237 a parity with bonds issued prior to the issuance of such additional
238 bonds, including establishment of coverage requirements with respect
239 to such bonds as herein provided; (H) provisions regarding the rights
240 and remedies available in case of a default to the bond owners, note
241 owners or any trustee under any contract, loan agreement, document,
242 instrument or trust indenture, including the right to appoint a trustee
243 to represent their interests upon occurrence of any event of default, as
244 defined in any such default proceedings, provided that if any bonds or
245 bond anticipation notes are secured by a trust indenture, the respective
246 owners of such bonds or notes shall have no authority except as set
247 forth in such trust indenture to appoint a separate trustee to represent
248 them; and (I) other provisions or covenants of like or different
249 character from the foregoing which are consistent with this section and
250 which the legislative body of the municipality determines in such
251 proceedings are necessary, convenient or desirable in order to better
252 secure the bonds or bond anticipation notes, or will tend to make the
253 bonds or bond anticipation notes more marketable, and which are in
254 the best interests of the municipality. Any provisions which may be
255 included in proceedings authorizing the issuance of bonds under this
256 section may be included in an indenture of trust duly approved in
257 accordance with this section which secures the bonds and any notes
258 issued in anticipation thereof, and in such case the provisions of such
259 indenture shall be deemed to be a part of such proceedings as though
260 they were expressly included therein. Any pledge made by the
261 municipality shall be valid and binding from the time when the pledge
262 is made, and any revenues or other receipts, funds or moneys so

263 pledged and thereafter received by the municipality shall be subject
264 immediately to the lien of such pledge without any physical delivery
265 thereof or further act. The lien of any such pledge shall be valid and
266 binding as against all parties having claims of any kind in tort, contract
267 or otherwise against the municipality, irrespective of whether such
268 parties have notice of such lien. Neither the resolution nor any other
269 instrument by which a pledge is created need be recorded. The
270 legislative body of the municipality may enter into a trust indenture by
271 and between the municipality and a corporate trustee, which may be
272 any trust company or bank having the powers of a trust company
273 within or without the municipality. Such trust indenture may contain
274 such provisions for protecting and enforcing the rights and remedies
275 of the bond owners and note owners as may be reasonable and proper
276 and not in violation of law, including covenants setting forth the duties
277 of the municipality in relation to the exercise of its powers pursuant to
278 this section and the custody, safeguarding and application of all
279 moneys. The municipality may provide by such trust indenture for the
280 payment of the pledged revenues or other receipts, funds or moneys to
281 the trustee under such trust indenture or to any other depository, and
282 for the method of disbursement thereof, with such safeguards and
283 restrictions as it may determine. All expenses incurred in carrying out
284 such trust indenture may be treated as project costs. Such bonds shall
285 not be included in computing the aggregate indebtedness of the
286 municipality, provided, if such bonds are made payable, in whole or in
287 part, from funds contracted to be advanced by the municipality, the
288 aggregate amount of such funds not yet appropriated to such purpose
289 shall be included in computing the aggregate indebtedness of the
290 municipality. As used in this section, "bonds" means any bonds,
291 including refunding bonds, notes, temporary notes, interim
292 certificates, debentures or other obligations. Temporary notes issued in
293 accordance with this subsection in anticipation of the receipt of the
294 proceeds of bond issues may be issued for a period of not more than
295 five years and notes issued for a shorter period of time may be
296 renewed by the issue of other notes, provided the period from the date
297 of the original notes to the maturity of the last notes issued in renewal

298 thereof shall not exceed five years.

299 (b) For the purpose of carrying out or administering a development
300 plan or other functions authorized under this chapter, a municipality,
301 acting by and through its development agency, may accept grants,
302 advances, loans or other financial assistance from the federal
303 government, the state or other source, and may do any and all things
304 necessary or desirable to secure such financial aid. To assist any
305 development project located in the area in which it is authorized to act,
306 any public body, including the state, or any city, town, borough,
307 authority, district, subdivision or agency of the state, may, upon such
308 terms as it determines, furnish service or facilities, provide property,
309 lend or contribute funds, and take any other action of a character
310 which it is authorized to perform for other purposes. To obtain funds
311 for the temporary and definitive financing of any development project,
312 a municipality may, in addition to other action authorized under this
313 chapter or other law, issue its general obligation bonds, notes,
314 temporary notes or other obligations secured by a pledge of the
315 municipality's full faith and credit. Such bonds, notes, temporary notes
316 and other obligations shall be authorized in accordance with the
317 requirements for the authorization of such obligations generally by the
318 municipality and the authorization, issuance and sale thereof shall be
319 subject to the limitations contained in the general statutes, including
320 provisions on the limitation of the aggregate indebtedness of the
321 municipality. Notwithstanding the provisions of sections 7-264, 7-378
322 and 7-378a, and any other public or special act or charter or bond
323 ordinance or bond resolution which limits the issuance or renewal of
324 temporary notes issued in anticipation of the receipt of the proceeds of
325 bond issues to a period of time of less than five years from the date of
326 the original notes or requires a reduction in the principal amount of
327 such notes or renewal notes prior to the fifth anniversary of the date of
328 the original notes, such temporary notes may be issued for a period of
329 not more than five years and notes issued for a shorter period of time
330 may be renewed by the issue of other notes, provided the period from
331 the date of the original notes to the maturity of the last notes issued in

332 renewal thereof shall not exceed five years.

333 (c) Notwithstanding the provisions of subsections (a) and (b) of this
334 section and any other public or special act or charter or bond ordinance
335 or bond resolution which limits the renewal of temporary notes issued
336 pursuant to said subsections in anticipation of the receipt of the
337 proceeds of bond issues to five years or less from the date of the
338 original notes, any municipality may renew temporary notes in
339 accordance with the provisions of this section for an additional period
340 of not more than four years from the end of such five-year period. The
341 officers or board authorized to issue the bonds or determine the
342 particulars of the bonds may adopt a resolution authorizing the
343 renewal of temporary notes for such additional period under the
344 following conditions: (1) All project grant payments and bond sale
345 proceeds received shall be promptly applied toward project costs or
346 toward payment of such temporary notes as the same shall become
347 due and payable or shall be deposited in trust for such purposes; (2) no
348 later than the end of each period of twelve months after the end of
349 such five-year period a portion of such temporary notes equal to at
350 least one-twentieth of the municipality's estimated cost of the project
351 shall be retired from funds other than project grants or land sale
352 proceeds or note proceeds; (3) the interest on all temporary notes
353 renewed after such five-year period shall be paid from funds other
354 than project grants or land sale proceeds or note proceeds; (4) the
355 principal amount of each bond issue when sold shall be reduced by the
356 amounts spent under subdivision (2) of this subsection, and the
357 principal of such bonds shall be paid in annual installments
358 commencing no later than one year from the date of issue; and (5) the
359 maximum authorized term of the bonds when sold shall be reduced by
360 not less than the number of months from the end of such five-year
361 period to the date of issue. Any anticipated federal or state project
362 grants or land sale proceeds may be used in computing the
363 municipality's cost of the project. Any municipality in which such
364 resolution is passed shall include in its annual budget or shall
365 otherwise appropriate sufficient funds to make the payments required

366 by subdivisions (2) and (3) of this subsection.

367 (d) For the purposes of carrying out or administering a specified
368 development plan authorized under this chapter, the Connecticut
369 Development Authority may, upon a resolution with respect to such
370 project adopted by the legislative body of the municipality, issue and
371 administer bonds which are payable solely or in part from and secured
372 by the pledge and security provided for in subsection (a) of this section
373 subject to the general terms and provisions of law applicable to the
374 issuance of bonds by the Connecticut Development Authority, except
375 that the provisions of subsection (b) of section 32-23j shall not apply.
376 For purposes of this section and section 8-192a, references to the
377 Connecticut Development Authority shall include any subsidiary of
378 the Connecticut Development Authority established pursuant to
379 subsection (l) of section 32-11a.

380 Sec. 4. (NEW) (*Effective July 1, 2003*) (a) As used in this section:

381 (1) "Sales tax increment" means an amount equal to the aggregate
382 revenue collected in a taxable year pursuant to chapter 219 of the
383 general statutes from the sales by any retailer, as defined in
384 subparagraph (B) of subdivision (12) of subsection (a) of section 12-407
385 of the general statutes, located within a project area, as defined in
386 section 8-187 of the general statutes, in excess of the aggregate amount
387 of such revenue collected for the twelve months before the effective
388 date of the adoption by the legislative body of a municipality of a
389 project plan under section 8-191 of the general statutes; and

390 (2) "Local sales tax increment" means an amount equal to one-sixth
391 of the sales tax increment.

392 (b) The Department of Revenue Services shall, monthly, disburse to
393 each municipality with an approved project plan under section 8-191
394 of the general statutes an amount equal to the local sales tax increment.
395 The municipality shall deposit such amount into a special fund of the
396 municipality to be used for the purposes specified under section 8-192a
397 of the general statutes.

398 (c) The municipality shall provide the Department of Revenue
399 Services with the sales tax identification number of each retailer
400 located within the project area. If the municipality has another place of
401 business with the municipality but outside the project area, the retailer
402 shall certify to the Department of Revenue Services the amount of the
403 sales tax paid at the business located within the project area.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>

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Joint Favorable Subst. C/R

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